

November 20, 1975

Addendum to Proposal: Opening of International Railroad from Africa to Asia
and Europe through Israel -----

PRINCIPLES

1. This is an international project aiming to assist regional integration: of the Middle East; between the various Arab countries; between the Arab and the other countries in the area; between the Middle East, Europe and the Soviet Union; between the Arab countries and Israel. The multilateral character of the program detaches it from local political conflicts between certain neighboring countries.
2. The regional railroad is a concrete program representing a test case of economic cooperation between countries in the area. It can open, if successful, the way for an over-all common program of the Middle Eastern countries. Similarly, after the World War II the former enemies France and Germany had established the Community of Steel and Coal as a practical limited program of common interest, from which they have later on developed the present multilateral European Economic Community.
3. Middle Eastern peoples like all humans need concrete goals by which to measure their success. Those goals are often represented by physical symbols. The Asswan Dam is said to have represented such a symbol, both of advancement of one people in the area and of the assistance given to him by an outside power. The Middle Eastern railroad can represent a "monument" of similar if not greater benefit and thus moral significance. It can be a far more down-to-earth symbol of American friendship and technical assistance than nuclear electrical stations, questionable from an economical view-point in an area rich in oil and from a military view-point in a highly unstable corner of the world.
4. The investment in and operation of the regional railroad can benefit the peoples in the area first and foremost by providing direct transportation and opportunity of land interchange of goods and persons, which have existed there from immemorable times and have only been interrupted after the World War II.
5. Moreover, the project can be used to advance the public and private interests of displaced persons and groups in the area. Those can be Palestinians as well as Jews refugees from Arab countries to Israel. Absorption and rehabilitation of those groups can be written into the by-laws of the corporate entity which will invest in and operate the railroad. For instance, a given percentage of the profits can be earmarked for the following services to those underprivileged groups: vocational training, housing, employment.
6. As an example of the local impact of the project, we can view it as a counterpart and complement to the Suez Canal. The railroad physically forms a cross-road with the Canal. The operation of both ways of transportation provide to both Israel and Egypt assurances that the transportation fees will be consistent with one another and not become prohibitive, that right-of-way will be continuously assured to shipments of both parties, and that political influences will be kept in check.
7. Recently the United States Government has formed private Business Councils with Israel and Egypt. This project can be one of the first to be discussed and advanced by those bodies.

ORGANIZATION

1. The project can be organized in a variety of ways, which all have to secure the following elements:
 - a. American initiative, involvement and influence;
 - b. Local national participation consistent with the principles and susceptibilities of each country.
2. The starting point can be the establishment of a United States committee of initiative, whose members will be known and reputable corporations active in financial as well as professional and technical industries and fields related to the project. Areas of activity of those members may be as follows: Banks, investment and financing (including Exim Bank); Railroads; Containers; Railroad equipment; Topographic and engineering; Travel wholesale; Shipping; Airlines; Hotels; Freight forwarders; etc.
3. Approaches will have to be made by appropriate United States authorities to the countries in the area in order to secure their approval of the idea of the project and their cooperation with the American committee and the staff which will implement a feasibility study (see # 6). The authorities can be the Department of State, Department of Commerce, Exim Bank, OPIC, etc. Meetings at high level will have to be organized in order to develop the idea. Countries to be approached are : Turkey, Iran, Iraq, Syria, Israel (already approved), Lebanon, Jordan, Egypt, Libya, Tunisia, Algeria, Morocco--all territorially related to the project, as well as the Soviet Union and some Arab countries non-contiguous to the railroad but able to supply "oil funds". A decision must be made re involving E.E.C.
4. The cooperating countries will be invited to acquire stock in the company initially formed by the American business. The investment of the cooperating countries will be mostly the right-of-way and use of the existing assets of their national railroads without affecting the present operations of those entities. Of special interest to the stockholder countries can be their ability to develop national industry by supplying certain items to the investment project and the operation of the railroad. Only those items which cannot be produced locally at suitable level of sophistication, quality and price will be imported from the United States or other countries. Attention will be given to opportunities of American investment in industries related to transportation in the Middle Eastern countries and to know-how agreements.
5. One possibility of reducing tensions between neighboring countries which have been in warring terms and to avoid stalemates is to divide the group of stockholding countries by geographical areas. For instance, three sections of the railroad administration can be created:
 - a. Turkey, Iran, Iraq, USSR, Syria;
 - b. Lebanon, Jordan, Israel, Egypt;
 - c. Libya, Tunisia, Algeria, Morocco, plus oil interests.(United States does not appear at regional level due to the existence of the U.S. committee which is a founding stockholder).
6. At the earliest possible moment a feasibility study must be undertaken. Financing will be invited from Exim Bank. (Details in the following paragraphs).

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CONTENT OF FEASIBILITY STUDY

1. The object of the feasibility study is to show if the project is economically viable, that is if:

- a. There is presently a massive flow of goods and persons transported with alternative means between some of the countries of the area;
- b. Price-wise and speed-wise a railroad can compete with present means of transportation;
- c. At potential lower prices or increased convenience, the flow of goods and persons can be increased and thus the pattern of international traffic and commerce in the area changed with a view to a desirable goal--greater regional cooperation and welfare;
- d. There is no economic advantage in transportation by railroad itself versus present means, however the by-products (employment, development of local industry etc.) bring external economies into the computation.

2. Assuming the outcome of paragraph #1 is that the project is feasible--what are the investment, manpower needs and time schedule which will permit to operate given fragments of the railroad, and finally the entire railroad from Morocco to European and Asian countries. Aspects to be considered are among others the following: Topographic and real estate; Engineering; Rails and infrastructure; Railroad equipment; Stations; Warehouses; Auxiliary industry, maintenance and repair facilities; Containers; Telecommunications; Relationship and interchangeability with sea and air transport; Travel and tourism; etc.

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